UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

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Ex parte FREDERICK W. RYAN, JR, and VADIM L. STELMAN

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Appeal 2007-4030
Application 09/938,326
Technology Center 3600

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Decided: January 22, 2008

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Before WILLIAM F. PATE, III, MURRIEL E. CRAWFORD, and ANTON
W. FETTING, *Administrative Patent Judges*.

PATE, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's

final rejection of claims 40-43[1]. We have jurisdiction under 35 U.S.C.

6(b)(2002).

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[1] Claim 17 has been canceled and claims 1-16, 18-39, and 44-48 have been
withdrawn from consideration.

SUMMARY OF DECISION

We AFFIRM.

THE INVENTION

Appellants claimed invention is directed to the collection of taxes for the sale and/or use of goods and/or services (Spec. 1:16-17). Claim 40, reproduced below, is representative of the subject matter on appeal.

> 40. A method for collecting sales and/or use taxes on remote sales, said method includes the steps of:
> a) collecting by a seller information regarding remote purchases made by a buyer and storing said information in a secure tax meter, said secure tax meter comprising:
> a secure coprocessor coupled to a host computer,
> a secure tax information database,
> a secure tax database, and
> said secure coprocessor comprising a non-volatile memory;
> b) operating said secure tax meter for securely calculating the correct taxing jurisdictions sales and/or use tax to be paid by said buyer for remote sales;
> c) collecting by said seller from said buyer the correct sales and/or use tax;
> d) operating said secure tax meter for transmitting to the correct taxing jurisdiction the aggregate totals of sales and/or use tax transactions; and
> f) said taxing jurisdiction interrogating said secure processor to ensure the integrity thereof;
> g) determining whether said secure processor is functioning properly, and

h) shutting down said tax meter at the instruction of said taxing jurisdiction if it is determined that said secure coprocessor is not functioning properly.

THE REJECTIONS

The Examiner relies upon the following evidence in the rejections:

Winn	US 4,970,655	Nov. 13, 1990
Golden	US 5,774,872	Jun. 30, 1998
Hurta	US 6,725,202 B1	Apr. 20, 2004

The following rejections are before us for review.

1.Claims 40 and 43 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Golden and Winn.

2.Claims 41 and 42 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Golden, Winn, and Hurta.

ISSUES

Appellants contend that Golden does not disclose or anticipate (1) a secure coprocessor (Br. 12) and (2) "a tamper resistant module" (Br. 13). Appellants further contend that the combination of Golden and Winn fails to disclose or anticipate steps f, g, and h of claim 40 (Br. 14). The issues before us are:

1.Whether Appellants have shown that the Examiner erred in rejecting claims 40 and 43 as unpatentable over Golden and Winn.

2.Whether Appellants have shown that the Examiner erred in rejecting claims 41 and 42 as unpatentable over Golden, Winn, and Hurta.

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FINDINGS OF FACT

We find that the following enumerated findings are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1.Golden teaches a system for automatically reporting taxable transactions to a central location e.g., a governmental taxing authority (Golden, col. 2, ll. 28-30).

2.The system relies on the electronic transmission of data which represents taxable transactions and the taxes generated thereby (Golden, col. 2, ll. 35-37).

3.The system 10 includes a central computer 12 under contract from the taxing authority and at least one point-of-sale, taxable transaction terminal 16 disposed at each remote vendor location 14 (Golden, col. 2, ll. 43-45 and 56-57).

4.Each point-of-sale terminal 16 includes at least input means 18 and electronic means 20 for storing the inputted data, calculating the sales tax due on each transaction, and storing the calculated values (Golden, col. 6, ll. 29-36).

5.Winn teaches a terminal for automatically collecting government fees (Winn, col. 1, ll. 6-11).

6.When the terminal is first powered on, it enters a system self test mode 110 to determine operability of internal components and external interfaces (Winn, col. 8, ll. 28-30).

7.If any fault is found, an out of service message is displayed on the screen (Winn, col. 8, ll. 30-32).

8.While the system is in idle mode (i.e., waiting for customer input), it runs through the self testing procedure repeatedly until a customer input or a fault is detected (Winn, col. 8, ll. 40-44).

9.The terminal further includes a remote monitoring capability provided by remote monitor mode 116, which is available at all times while the main program is running to allow a remote computer to call up the system to exchange information at any time. This provides remote access to status files, data and program areas, allowing supervisory personnel to investigate any system faults (Winn, col. 8, ll. 51-60).

10.Hurta teaches an automatic vehicle identification (AVI) system 10 in which an interrogator 12 communicates with a remote transponder 14 by transmitting interrogation signal 15a to the transponder 14 in response to which the interrogator 12 transmits back a response signal 15b containing a transponder-unique identifying code (ID) (Hurta, col. 3, ll. 1-7).

11.The interrogator 12 conveys this information to a host computer 16 for maintaining accounting information with respect to the transponder 14

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and the smartcard 66 associated with the transponder (Hurta, col. 1, ll. 7-12).

12.Transaction number data for all or some transactions is submitted from the interrogator to the host processing unit for analysis. This information can be used to determine whether an error or fraud has been committed (Hurta, col. 7, ll. 32-40).

PRINCIPLES OF LAW

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." 383 U.S. at 17-18.

In *KSR*, the Supreme Court emphasized "the need for caution in granting a patent based on the combination of elements found in the prior art," *id.* at 1739, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that "the principles laid down in *Graham* reaffirmed the 'functional approach' of *Hotchkiss*, 11 How. 248." *KSR,* 127 S.Ct. at 1739 (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *Id.*

ANALYSIS

Rejection of claims 40 and 43 as unpatentable over Golden and Winn

Appellants contend that Golden fails to disclose or anticipate a secure coprocessor (Br. 12), more specifically, "a tamper resistant module" (Br. 13). In rejecting claim 40, the Examiner found that that the point-of-sale terminal 16 of Golden was equivalent to the claimed secure coprocessor (Answer 3). Appellants do not provide any evidence to refute the Examiner's finding. As such, we find Appellants' conculsory statement that Golden fails to disclose a secure coprocessor or tamper resistant module unpersuasive.

Appellants further contend that the combination of Golden and Winn fails to disclose or anticipate steps f, g, and h of claim 40 (Br. 14). More

specifically, Appellants contend that Winn "does not disclose or anticipate integrating [sic] the secure processor to insure the integrity of the processing; i.e., it has not been tampered with, and if functioning properly" (*Id.*). We disagree.

Winn teaches a terminal for automatically collecting government fees (Finding of Fact 5). When the terminal is first powered on, it enters a system self test mode 110 to determine operability of internal components and external interfaces (Finding of Fact 6). If any fault is found, an out of service message is displayed on the screen (Finding of Fact 7). While the system is in idle mode (i.e., waiting for customer input), it runs through the self testing procedure repeatedly until a customer input or a fault is detected (Finding of Fact 8). The terminal further includes a remote monitoring capability provided by remote monitor mode 116, which is available at all times while the main program is running to allow a remote computer to call up the system to exchange information at any time. This provides remote access to status files, data and program areas, allowing supervisory personnel to investigate any system faults (Finding of Fact 9). Accordingly, contrary to Appellants' contention, Winn teaches interrogating the terminal (i.e., secure coprocessor) to ensure its integrity (i.e., functioning properly). The fact that Winn also teaches that the monitoring function provides information regarding whether or not forms need to be replaced does not negate the fact that Winn teaches determining whether or not the terminal is functioning

properly. As such, we sustain the Examiner's rejection of claims 40 and 43[2] as unpatentable over Golden and Winn.

Rejection of claims 41 and 42 as unpatentable over Golden, Winn, and Hurta

Appellants contend that "[n]either Golden, Winn or Hurta taken separately or together disclose or anticipate giving a seller notice that a taxing jurisdiction is studying its log of all sales and use tax transactions" (Br. 16). In rejecting claim 42, the Examiner found that Hurta teaches "an antifraud-checking step whereby the paying tax customer (transponder owner) submits his transponder payment log to the authority and the authority analysis [sic] these against its receipts" and "the seller is notified through the transmission approach message" (Answer 8). Appellants do not provide any evidence or argument refuting the Examiner's findings. As such, we find Appellants' conculsory statement that the applied combination fails to disclose giving a seller notice unpersuasive. Accordingly, we sustain the Examiner's rejection of claims 41 and 42 as unpatentable over Golden, Winn, and Hurta.

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[2] We note that Appellants separately address claim 43 as being rejected in view of U.S. Patent No. 5,875,433 to Francisco, however, we find Appellants comments to be a clear error as claim 43 has not been rejected in view of Francisco nor does claim 43 recite "the buyer information segmented by the agent..." as stated by Appellants.

CONCLUSIONS OF LAW

We conclude that Appellants have not shown that the Examiner erred in rejecting claims 40 and 43 as unpatentable over Golden and Winn, and claims 41 and 42 as unpatentable over Golden, Winn, and Hurta.

DECISION

The Examiner's decision to reject claims 40 and 43 as unpatentable over Golden and Winn, and claims 41 and 42 as unpatentable over Golden, Winn, and Hurta is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2006).

AFFIRMED

vsh

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